

# 2019

THIRD QUARTERLY REPORT

第三季度業績報告

壹家壹品（香港）控股有限公司\*

EJE(HONG KONG) HOLDINGS LIMITED

(a company incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 8101



\*For identification purpose only  
\*僅供識別



## **CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

**GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the "Directors") of EJE (HONG KONG) Holdings Limited (the "Company") collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement in this report misleading.*

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# CORPORATE INFORMATION

## PRC OFFICE

Eastern Section of Guangzhou Economic and Technological Development District, Huangpu District, Guangdong Province, the PRC

## HONG KONG OFFICE

Room 01, 23rd Floor.,  
China Insurance Group Building,  
141 Des Voeux Road Central,  
61–65 Gilman Street and  
73 Connaught Road Central, Hong Kong

## WEBSITE

[www.ejeliving.com](http://www.ejeliving.com)

## BOARD OF DIRECTORS

### Executive Directors

Mr. Qin Yuquan (*Chairman*)  
Mr. Hung Cho Sing  
Mr. Chau Tsz Kong Alan  
Mr. Matthew Chung  
(resigned on 20 August 2019)

### Independent Non-executive Directors

Mr. Tang Kin Chor  
Mr. Chan Chun Wing  
Mr. Li Siu Yui (resigned on 13 January 2020)  
Mr. Yiu Shung Kit  
(appointed on 13 January 2020)

## AUTHORISED REPRESENTATIVES

Mr. Chau Tsz Kong Alan  
Mr. Wong King Chung

## COMPANY SECRETARY

Mr. Wong King Chung

## COMPLIANCE OFFICER

Mr. Wong King Chung

## AUDIT COMMITTEE

Mr. Chan Chun Wing (*Chairman*)  
Mr. Tang Kin Chor  
Mr. Li Siu Yui (resigned on 13 January 2020)  
Mr. Yiu Shung Kit  
(appointed on 13 January 2020)

## NOMINATION COMMITTEE

Mr. Tang Kin Chor (*Chairman*)  
Mr. Chan Chun Wing  
Mr. Li Siu Yui (resigned on 13 January 2020)  
Mr. Yiu Shung Kit  
(appointed on 13 January 2020)

## REMUNERATION COMMITTEE

Mr. Li Siu Yui (*Chairman*)  
(resigned on 13 January 2020)  
Mr. Yiu Shung Kit (*Chairman*)  
(appointed on 13 January 2020)  
Mr. Tang Kin Chor  
Mr. Chan Chun Wing

## AUDITOR

Elite Partners CPA Limited

## LEGAL ADVISER

Lin and Associates

## THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54, Hopewell Centre,  
183 Queen's Road East, Hong Kong

## PRINCIPAL BANKERS

Agricultural Bank of China  
Industrial and Commercial Bank of China  
Construction Bank of China  
Public Bank (Hong Kong)  
Bank of Communications (Hong Kong)  
Bank of China (Hong Kong)

## STOCK CODE

8101

The Board of Directors (the "Board") of the Company is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 31 December 2019, together with the unaudited comparative figures for the corresponding periods in 2018, as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2019

	NOTES	Three months ended 31 December		Nine months ended 31 December	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	5	56,510	26,799	137,742	99,058
Cost of sales		(41,481)	(18,398)	(93,664)	(69,037)
<b>Gross profit</b>		<b>15,029</b>	8,401	<b>44,078</b>	30,021
Other income	5	243	892	2,979	3,003
Selling and distribution expenses		(4,739)	147	(12,091)	(6,413)
Administrative expenses		(14,613)	(12,002)	(34,417)	(36,392)
Research expenses		(1,414)	(9)	(4,631)	(74)
Other operating expenses		-	(25)	(240)	(141)
Impairment to account receivable and other receivable		-	-	(747)	-
Fair value (loss)/gain on investment property		-	-	(17,300)	5,100
Fair value gain/(loss) on financial assets at fair value through profit or loss		4,929	(1,262)	1,235	(6,245)
Fair value loss of convertible bonds receivables		-	-	-	(271)
Share of profit/(loss) from an associate		1,395	36	726	(264)
Finance costs		(5,487)	(109)	(14,468)	(2,388)
<b>Loss before income tax credit</b>		<b>(4,657)</b>	(3,931)	<b>(34,876)</b>	(14,064)
Income tax credit	6	1,425	236	2,953	4,324
<b>Loss for the period</b>		<b>(3,232)</b>	(3,695)	<b>(31,923)</b>	(9,740)
<b>Other comprehensive Income that may be reclassified subsequently to profit or loss</b>					
Exchange differences arising on translation of financial statements of foreign operation		1,927	(152)	(2,659)	(2,310)
<b>Total comprehensive expenses for the period</b>		<b>(1,305)</b>	(3,847)	<b>(34,582)</b>	(12,050)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2019

NOTES	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Loss for the period attributable to owners of the Company</b>	<b>(3,232)</b>	(3,695)	<b>(31,923)</b>	(9,740)
Total comprehensive expenses for the period attributable to owners of the Company	<b>(1,305)</b>	(3,847)	<b>(34,582)</b>	(12,050)
Loss per share (HK Cents) — Basic and diluted	<b>(0.11)</b>	(0.13)	<b>(1.10)</b>	(0.34)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2019

	Unaudited						
	Equity attributable to owners of the Company						
	Share capital	Share premium	Convertible bonds reserves	Share option reserves	Translation reserves	Accumulated losses	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>At 1 April 2019</b>	<b>72,300</b>	<b>172,613</b>	<b>293,092</b>	<b>2,844</b>	<b>(528)</b>	<b>(227,231)</b>	<b>313,090</b>
Loss for the period	-	-	-	-	-	(31,923)	(31,923)
Other comprehensive income:							
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	(2,659)	-	(2,659)
Total comprehensive income for the period	-	-	-	-	(2,659)	(31,923)	(34,582)
<b>At 31 December 2019 (unaudited)</b>	<b>72,300</b>	<b>172,613</b>	<b>293,092</b>	<b>2,844</b>	<b>(3,187)</b>	<b>(259,154)</b>	<b>278,508</b>
<b>At 1 April 2018</b>	72,300	172,613	293,092	2,844	1,155	(207,799)	334,205
Adjustment on initial application of HKFRS 9	-	-	-	-	-	(7,647)	(7,647)
Adjustment balance at 1 April 2018	72,300	172,613	293,092	2,844	1,155	(215,446)	326,558
Loss for the period	-	-	-	-	-	(9,740)	(9,740)
Other comprehensive income:							
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	(2,310)	-	(2,310)
Total comprehensive income for the period	-	-	-	-	(2,310)	(9,740)	(12,050)
<b>At 31 December 2018 (unaudited)</b>	<b>72,300</b>	<b>172,613</b>	<b>293,092</b>	<b>2,844</b>	<b>(1,155)</b>	<b>(225,186)</b>	<b>314,508</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

## 1. GENERAL INFORMATION

EJE (Hong Kong) Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 26 July 2012. The Company’s shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 15 October 2013.

The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company and its subsidiaries (the “Group”) is located at Room 2301, Floor 23, China Insurance Group Building, 141 Des Voeux Central, Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Group are (i) manufacture of custom-made furniture in the PRC; (ii) design, manufacture and sale of mattress and soft bed products in the PRC and export mattress to overseas markets; (iii) securities investment in Hong Kong; (iv) property investment in Hong Kong; and (v) money lending in Hong Kong.

The unaudited condensed consolidated financial statements for the period ended 31 December 2019 (the “Financial Statements”) were approved by the board of directors on 7 February 2020.

## 2. BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the Financial Statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

In preparing the Financial Statements, the directors considered the operations of the Group as a going concern notwithstanding that:

- The Group incurred a loss of approximately HK\$3,232,000 and HK\$31,923,000 for the three months and nine months ended 31 December 2019; and
- The Group has net current liabilities of approximately HK\$140,184,000 as at 31 December 2019.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

## 2. BASIS OF PREPARATION (Continued)

These conditions indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

Notwithstanding the aforesaid conditions, the Financial Statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the directors, the Group can meet its financial obligations as and when they fall due within twelve months from the date of approval of these Financial Statements, after taking into consideration that the convertible bond's holder undertake with the Company that forgo their right to request the Company to redeem the convertible bond of principal amount of HK\$212,000,000 on or before 31 December 2020.

Based on the above arrangement, the directors are therefore of the opinion that it is appropriate to prepare the Financial Statements on a going concern basis. Should the Group not be able to continue as a going concern, adjustments would have to be made to the Financial Statements to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. The effect of these adjustments has not been reflected in the Financial Statements.

## 3. ACCOUNTING POLICIES

The accounting policies used in the preparation of the Financial Statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 March 2019 ("2018/19 Annual Financial Statements"). Except for the changes stated as follow:

### Changes in accounting policies

In the current period, the Group has adopted all the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2019. Except as described below, the adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current and prior accounting period.

The Group has not early applied any new and revised HKFRSs that are not yet effective for the current period.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

## 3. ACCOUNTING POLICIES (Continued)

### Changes in accounting policies (Continued)

The Group applies, for the first time, HKFRS 16 Leases. As required by HKAS 34, the nature and effect of these changes are disclosed below.

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HKIFRIC 4, Determining whether an arrangement contains a lease, SIC 15, Operating leases-incentives, and SIC 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

#### **a. New definition of a lease**

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

## 3. ACCOUNTING POLICIES (Continued)

### Changes in accounting policies (Continued)

#### **b. Lessee accounting and transitional impact**

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment and land use right. For an explanation of how the Group applies lessee accounting.

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5.7%.

To ease the transition to HKFRS 16, the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

## 3. ACCOUNTING POLICIES (Continued)

### Changes in accounting policies (Continued)

#### b. Lessee accounting and transitional impact (Continued)

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019.

	<b>1 April 2019</b>
	HK\$'000
	(unaudited)
Operating lease commitments at 31 March 2019	1,201
Less: commitments relating to leases exempt from capitalisation: Short-term lease and other leases with remaining lease term ending on or before 31 March 2020	(18)
Less: total future interest expenses	(104)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019 and total lease liabilities recognised at 1 April 2019	<u>1,079</u>

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 March 2019.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "obligations under finance leases", these amounts are included within "lease liabilities", and the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

## 3. ACCOUNTING POLICIES (Continued)

### Changes in accounting policies (Continued)

#### b. Lessee accounting and transitional impact (Continued)

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 March 2019 HK\$'000	Capitalisation of operating lease HK\$'000	Reclassification of obligation under finance lease HK\$'000	Carrying amount at 1 April 2019 HK\$'000
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:				
<b>Non-current assets</b>				
Right-of-use assets	-	1,079	-	1,079
<b>Current liabilities</b>				
Lease liabilities (current)	-	77	3,398	3,475
Obligation under finance lease (current)	3,398	-	(3,398)	-
<b>Non-current liabilities</b>				
Lease liabilities (non-current)	-	1,002	1,493	2,495
Obligation under finance lease (non-current)	1,493	-	(1,493)	-

#### c. Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of comprehensive income, as compared to the results if HKAS 17 had been applied during the period.

In the consolidated statement of cash flow, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flow.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

## 3. ACCOUNTING POLICIES (Continued)

### Changes in accounting policies (Continued)

#### d. *Leasehold investment property*

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("leasehold investment properties"). The adoption of HKFRS 16 does not have a significant impact on the Group's consolidated financial statements as the Group previously elected to apply HKAS 40, Investment properties, to account for all of its leasehold properties that were held for investment purposes as at 31 March 2019. Consequentially, these leasehold investment properties continue to be carried at fair value.

#### e. *Lessor accounting*

In addition to leasing out the investment property referred to in paragraph d. above, the Group does not lease out any other assets as the lessor of operating leases.

Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of HKFRS 16 does not have a significant impact on the Group's consolidated financial statements in this regard.

## 4. SEGMENT INFORMATION

### (a) **Reportable segments**

#### **For the period ended 31 December 2019**

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Group principally operated in five business segments, which are: (i) manufacture of custom-made furniture; (ii) the design, manufacture and sale of mattress and soft bed products; (iii) securities investment; (iv) property investment; and (v) money lending.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

## 4. SEGMENT INFORMATION (Continued)

### (a) Reportable segments (Continued)

The segment information provided to the chief operating decision-maker for reportable segments and reconciliation of the segments total to the amounts reported by the Group in the Financial Statements are as follows:

	Three months ended 31 December 2019					
	Manufacture of custom-made furniture HK\$'000 (unaudited)	Mattress and soft bed products HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from external customers	51,284	3,133	1,558	-	535	56,510
Reportable segment profit	349	5,833	857	4,300	1,153	12,492
Share of profit from an associate						1,395
Fair value loss on investment property						-
Unallocated corporate expenses*						(17,119)
Loss for the period						(3,232)
	Nine months ended 31 December 2019					
	Manufacture of custom-made furniture HK\$'000 (unaudited)	Mattress and soft bed products HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from external customers	126,806	5,062	4,696	-	1,178	137,742
Reportable segment profit/(loss)	1,876	5,931	2,943	(1,242)	676	10,184
Share of loss from an associate						726
Fair value loss on investment property						(17,300)
Unallocated corporate expenses*						(25,533)
Loss for the period						(31,923)

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

## 4. SEGMENT INFORMATION (Continued)

### (a) Reportable segments (Continued)

For the period ended 31 December 2018

	Three months ended 31 December 2018						
	Manufacture of custom-made furniture HK\$'000 (unaudited)	Mattress and soft bed products HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Other income HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from external customers	25,035	(34)	1,539	-	259	-	26,799
Reportable segment profit/(loss)	8,434	(703)	1,049	(6,295)	203	3	2,691
Share of profit from an associate							36
Unallocated corporate expenses*							(6,422)
Loss for the period							(3,695)

	Nine months ended 31 December 2018						
	Manufacture of custom-made furniture HK\$'000 (unaudited)	Mattress and soft bed products HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Other income HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from external customers	91,928	2,105	4,034	-	869	122	99,058
Reportable segment profit/(loss)	16,303	(7,608)	2,617	(12,326)	683	(63)	(394)
Share of loss from an associate							(264)
Fair value gain on investment property							5,100
Fair value loss of convertible bond							(271)
Unallocated corporate expenses*							(13,911)
Loss for the period							(9,740)

\* Unallocated corporate expenses for the nine months ended 31 December 2019 and 2018 mainly included Staff cost and legal and professional fee.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

## 4. SEGMENT INFORMATION (Continued)

### (b) Geographic information

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue from external customers				
The PRC	54,417	25,001	131,868	94,033
Other countries	2,093	1,798	5,874	5,025
	<b>56,510</b>	26,799	<b>137,742</b>	99,058

### (c) Information about a major customer

The Group's customer base is diversified and includes only the following customer with whom transactions have exceeded 10% of the Group's revenue:

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Manufacture of custom-made furniture				
Customer A	2,065	4,415	11,127	16,179
Customer B	165	2,681	11,673	13,139
	<b>2,230</b>	7,096	<b>22,800</b>	29,318

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

## 5. REVENUE AND OTHER INCOME

Revenue from the Group's principal activities, which is also the Group's turnover, represented the net invoiced value of goods sold and services provided, net of allowances for returns, trade discounts and value-added tax. An analysis of the Group's revenue and other income is as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Revenue</b>				
Sales of goods	<b>54,417</b>	25,001	<b>131,868</b>	94,033
Loan interest income	<b>535</b>	259	<b>1,178</b>	869
Rental income	<b>1,558</b>	1,539	<b>4,696</b>	4,034
Other income	-	-	-	122
	<b>56,510</b>	26,799	<b>137,742</b>	99,058
<b>Other Income</b>				
Interest income	<b>1</b>	438	<b>39</b>	1,062
Government grant	<b>242</b>	-	<b>2,426</b>	-
Sundry income	-	454	<b>514</b>	1,941
	<b>243</b>	892	<b>2,979</b>	3,003

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

## 6. INCOME TAX CREDIT

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Current tax — PRC	75	(259)	1,356	2,079
Current tax — Hong Kong	253	202	631	571
Deferred tax current year	(1,753)	(179)	(4,940)	(6,974)
	<b>(1,425)</b>	(236)	<b>(2,953)</b>	(4,324)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Hong Kong profits tax was calculated at 16.5% on the estimated assessable profits.

Enterprise income tax arising from subsidiary operated in the PRC was calculated at 25% of the estimated assessable profits.

## 7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK\$3,232,000 and approximately HK\$31,923,000 (2018: HK\$3,695,000 and HK\$9,740,000) for the three months and nine months ended 31 December 2019 and weighted average number of ordinary shares of 2,892,000,000 and 2,892,000,000 (2018: 2,892,000,000 and 2,892,000,000) in issue during the three months and nine months ended 31 December 2019.

The calculation of diluted loss per share for the period ended 31 December 2019 and 31 December 2018 did not assume the exercise of the outstanding share options as the options were anti-diluted.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

## 8. DIVIDEND

The Board does not recommend the payment of any dividend for nine months ended 31 December 2019 (2018 Nil).

## 9. SHARE CAPITAL

	<b>Number of ordinary share</b> '000	<b>Amount</b> HK\$'000
<b>Authorised:</b>		
At 1 April 2019 and 31 December 2019, ordinary shares of HK\$0.025 each	10,000,000	250,000
<b>Issued and Fully paid:</b>		
<b>At 1 April 2019 and 31 December 2019, ordinary shares of HK\$0.025 each</b>	2,892,000	72,300

# MANAGEMENT DISCUSSION AND ANALYSIS

## DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2019 (2018: Nil).

## FINANCIAL REVIEW

During the period, the turnover of the Group for the nine months ended 31 December 2019 was approximately HK\$137.7 million (2018: approximately HK\$99.1 million), representing an increase of approximately 39.1% as compared to the same period in the previous year.

The manufacture of custom-made furniture segment has generated turnover approximately HK\$126.8 million for the nine months ended 31 December 2019, representing approximately 37.9% increase from last year of approximately HK\$91.9 million. Gross profit margin was approximately 29.9%, which is maintaining at similar level as last year's 27.1%. The segment profit was approximately HK\$1.9 million, decreased by approximately 76.0% from last years operation.

The turnover for the mattress and soft bed sales business has increased by approximately 140.5% from approximately HK\$2.1 million in last year to approximately HK\$5.1 million for the nine months ended 31 December 2019. The turnover represents the sales from previous period being understated and only be recognised during the process of warping up the business. The segment profit from mattress and soft bed products was approximately HK\$5.9 million for the nine months ended 31 December 2019 as compare to the segment loss of approximately HK\$7.6 million in last year. Such improvement was mainly due to other income related to previous accounting period being recognised during the process of preparing for deregistration. The production operation of the segment had already been stopped since May 2018, and the deregistration process is expected to be completed toward the end of this year.

There were four investment properties held by the Group as of 31 December 2019 with the total book cost of approximately HK\$205.5 million. The nine months revenue of the segment increased by approximately HK\$662,000 from last year approximately HK\$4.0 million to this year approximately HK\$4.7 million. This was due to some originally vacant properties was subsequently being occupied. The net profit of the segment has also increased from approximately HK\$2.6 million of last year to approximately HK\$2.9 million of this year. Unfortunately, due to recent negative market sentiment in Hong Kong, the fair value to these investment properties decreased by approximately 4.6% compared with last year, which resulted in fair value loss of approximately HK\$17.3 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

Regarding to money lending business, there was approximately HK\$14.3 million outstanding loan receivable as of 31 December 2019. The interest charge was range from 10% to 12% per annum. The total interest income generated from the business was approximately HK\$1.2 million (2018: approximately HK\$869,000). And, net profit of this segment was approximately HK\$676,000 (2018: approximately HK\$683,000). Going forward, the Group is intended to maintain the loan receivable scale to no more than HK\$30 million level, and the loan interest rate will be ranging from 8% to 15% per annum.

Securities investment segment has recorded loss of approximately HK\$1.2 million, representing approximately HK\$11.1 million improvement from last year loss. The Group recorded fair value gain on financial assets at fair value through profit or loss approximately HK\$1.2 million for the nine months ended 31 December 2019 which included unrealised fair value loss of approximately HK\$1.4 million and realised fair value gain of approximately HK\$2.6 million. These overall losses were mainly attributable to the poor performance of the global as well as Hong Kong's securities market in the recent period.

The administrative expenses of the Group primarily comprised of expenses incurred for the professional fee, amortisation of intangible assets, staff costs and social insurance cost. For the nine months ended 31 December 2019, the Group's administrative expenses decreased to approximately HK\$34.6 million compared to approximately HK\$36.4 million for the corresponding period of last year, representing a decrease of approximately 4.8%. The decrease was mainly attributable to the shirking operation of the mattress and soft bed product sales segment.

Selling and distribution expenses for the nine months ended 31 December 2019 was approximately HK\$12.1 million comparing to approximately HK\$6.4 million in 2018, representing an increase of approximately 88.5%. Selling and distribution expenses of the Group increase mainly represent the change in business model. The selling and distribution expenses for corresponding period of last year comprised mainly amortisation of trademark for the mattress and soft bed products sales business. While under the new custom-made furniture business model, selling and distribution expenses comprises mainly of amortisation for portrait right amounting to approximately HK\$5.9 million. This portrait right was paid to artists to endorse and promote the corporate brand name of Yijia Yipin.

## MANAGEMENT DISCUSSION AND ANALYSIS

Finance cost for the nine months ended 31 December 2019 was approximately HK\$14.5 million comparing to approximately HK\$2.4 million in 2018, representing an increase of approximately HK\$12.1 million. Finance cost's increase mainly attributable to the promissory note interest of approximately HK\$7.3 million incurred in relation to the promissory note with face value of HK\$280 million being issued for the acquisition of Green Step. Other finance cost also include convertible bond interest of approximately HK\$3.3 million in relation to the convertible bond issued for the acquisition of Pioneer One in 2017 and also finance lease for factory of approximately HK\$2.9 million.

### Significant Investments

As at 31 December 2019, the Group held approximately HK\$11.3 million equity investments at fair value through profit or loss (2018: approximately HK\$14.1 million). Details of the significant investments are as follows:

Notes	Stock Place of Code incorporation	No. of shares held	Fair value Gain/(loss) HK\$'000	Market Values HK\$'000	Approximate percentage of equity investments at fair value through profit and loss %	Approximate percentage to the net assets %
Hands Form Holdings Limited	1 1920 Cayman Islands	18,050,000	(43)	3,484	30.9	1.3
Individual investment less than 1% of net assets of the Group			(1,322)	7,783	69.1	2.8

Note 1: Hands Form Holdings Limited is an investment holdings company. The Group is an established subcontractor in Hong Kong and principally engage in the provision of wet trades works and other wet trades related ancillary works. Wet trades works include plastering on floors, walls and ceilings, tile laying on internal and external walls and floors, brick laying and marble works. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$92,306,000 as at 30 June 2019.

As at 31 December 2019, the Group disposed some of the investments on market and the sales proceeds generated from the investments in marketable securities amounted to approximately HK\$18.5 million and gain recognised for the period of approximately HK\$2.6 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

Details of the transactions are as follows:

	<b>Stock code</b>	<b>Place of incorporation</b>	<b>Sales proceeds</b> HK\$'000	<b>Realised gain/(loss)</b> HK\$'000
Ruicheng (China) Media Group Limited	1640	Cayman Islands	4,411	2,397
Investment with individual realised gain/(loss) less than HK\$1,000,000			14,123	204

## BUSINESS REVIEW AND PROSPECT

Since the acquisition of custom-made furniture business in 2017, the performance of the Group improved significantly. Revenue has increased approximately 39.1%. However, the net loss incurred has increase by approximately HK\$22.2 million from last year approximately HK\$9.7 million to this year approximately HK\$31.9 million. Such unfavorable results was mainly due to the amortisation of intangible assets resulted from the acquisition of the custom-made furniture business and promissory note interest incurred from the issue of promissory note to finance such acquisition. Nevertheless, the custom-made furniture business in China kept on expanding in a phenomenal way since the original acquisition completed in August 2017. This year, the Group had further acquired Green Step in May 2019, which allow the Group to actually own the brand name of Yijia Yipin and be able to further expand its custom-made furniture business beyond geographical limitation as well as without any licensing period constraint. As for the mattress and soft bed products segment, the production has stopped since May 2018, and the management has almost wrapped up the business and the official deregistration is expected to be completed toward the end of 2020.

All other segments of the Group performed reasonable well during the period with an exception of the securities investment segment. Nevertheless, such poor performance of the securities investment segment was mainly due to market factors which is believed to be temporary. On one hand, the stock market seems recovering from the rough year 2019, but on the other hand, volatility in the stock in 2020 is still expected. The Group would remain its current scale of investment portfolio at approximately HK\$20 million level and will also adopt cautious measures to manage the Group's investment in securities market.



## MANAGEMENT DISCUSSION AND ANALYSIS

The consecutive two years of net loss results do not represent any structural or strategic problem of the Group. Instead, they were both mainly associated amortisation expenses of the intangible assets acquired. This year such amortisation expenses were amounting to approximately HK\$19.8 million as against last year approximately HK\$8.4 million. The increase in amortisation expenses is attributable to the newly acquired intangible assets through the acquisition of Green Step in May this year. In addition, there were also fair value loss of approximately HK\$17.3 for investment property and promissory note interest of approximately HK\$7.3 million incurred for the promissory note with face value of HK\$280 million being issued for the acquisition of Green Step.

### Use of Proceeds from the Placing of Shares

The Company raised its fund by way of a placing of 30,000,000 shares of the Company at the placing price of HK\$1.15 per share on 15 October 2013.

Net proceeds from the placing of shares amounted to approximately HK\$13.4 million (after deducting the placing commission and legal and professional expenses), the unutilised proceeds were deposited in licensed banks in Hong Kong and the PRC. Such net proceeds have been used in the following manner:

	<b>Net proceeds</b> (HK\$ in million)	<b>Approximate amount of net proceeds utilised up to 31 December 2019</b> (HK\$ in million)	<b>Approximate amount of net proceeds unutilised up to 31 December 2019</b> (HK\$ in million)
Participate in overseas trade fairs	3.2	3.2	-
Production design, research and development and hire of new designer	2.4	2.4	-
Enter into distributorship arrangement with our specialty retailers and promote our brand image and products with them	2	1.3	<b>0.7</b>
Construct new production facility	4.6	-	<b>4.6</b>
General working capital	1.2	1.2	-
<b>Total</b>	<b>13.4</b>	<b>8.1</b>	<b>5.3</b>

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

#### Directors', chief executives' interests in shares and short positions in the shares of the Company (the "Share(s)")

As at 31 December 2019, save as disclosed below, none of the Directors and chief executive has any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part V of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or (b) to be entered into the register required to be kept therein, pursuant to section 352 of the SFO, or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by directors or listed issuers.

#### Long positions in Shares

Name of Directors	Nature of interested	Number of shares	Number of underlying shares	Percentage of shareholding %
Mr. Hung Cho Sing	Beneficial owner	23,136,000	(Note 1)	0.80
Mr. Qin Yuquan	Interest of a Controlled Corporation	1,927,272,727	(Note 2)	66.64

Note 1: The interests in underlying shares represented interests in share options granted to the Director, further details of which are set out in the section headed "Share Option Scheme" below.

Note 2: Legendary Idea Limited is beneficially owned as to 50% by Corsello Investments Limited and 50% by Tian Cheng Ventures Limited. In return, Tian Cheng Ventures Limited is wholly owned by Mr. Qin Yuquan. Accordingly, Mr. Qin Yuquan are deemed to be interested in the 1,927,272,727 shares of the Company held by Tian Cheng Ventures Limited under the SFO.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS

Name of shareholders	Capacity	Number of shares interested	Percentage of shareholdings
Legendary Idea Limited	Beneficial owner (Note 1)	1,927,272,727	66.64%
Corsello Investments Limited	Interest of a controlled corporation (Note 1)	1,927,272,727	66.64%
Tian Cheng Ventures Limited	Interest of a controlled corporation (Note 1)	1,927,272,727	66.64%
Chang Tin Duk, Victor	Interest of a controlled corporation (Note 1)	1,927,272,727	66.64%
Qin Yuquan	Interest of a controlled corporation (Note 1)	1,927,272,727	66.64%
Lai Yongmei	Interest of spouse (Note 2)	1,927,272,727	66.64%
Tong Shing Ann, Sharon	Interest of spouse (Note 3)	1,927,272,727	66.64%

Notes:

1. Legendary Idea Limited is beneficially owned as to 50% by Corsello Investments Limited and 50% by Tian Cheng Ventures Limited. In return, Corsello Investments Limited is wholly owned by Mr. Chang Tin Duk, Victor. And, Tian Cheng Ventures Limited is wholly owned by Mr. Qin Yuquan. Accordingly, Mr. Chang Tin Duk, Victor and Mr. Qin Yuquan are deemed to be interested in the 1,927,272,727 shares of the Company held by Corsello Investments Limited and Tian Cheng Ventures Limited respectively under the SFO.
2. Ms. Lai Yongmei, the spouse of Mr. Qin Yuquan, is deemed, or taken to be, interested in the 1,927,272,727 shares of the Company in which Mr. Qin Yuquan is interested for the purpose of the SFO.
3. Ms. Tong Shing Ann, Sharoi, the spouse of Mr. Chang Tin Duk, Victor, is deemed, or taken to be, interested in the 1,927,272,727 shares of the Company in which Mr. Chang Tin Duk, Victor is interested for the purpose of the SFO.

Save as disclosed above, as at 31 December 2019, the Directors are not aware of any other person (other than the Directors) who has an interest or short position in the shares or underlying shares (including interest in options, if any) of the Company as recorded in the register required to be kept under section 336 of the SFO.

## OTHER INFORMATION

### SHARE OPTION SCHEME

On 22 August 2014, a share option scheme (the “Share Option Scheme”) was approved by shareholders of the Company and adopted by the Company. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

Participants of the Scheme may include: any employee (full-time or part-time), Director, consultant or adviser of our Group; any substantial shareholder of our Group; and any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, to be determined by the Board, based on their contribution or potential contribution to the development and growth of the Group.

Concerning the Share Option Scheme, the maximum number of shares which may be allotted and issued upon the exercise of all options which initially shall not in aggregate exceed 10% of the shares in issue as at the date of adoption of the Share Option Scheme. The aggregate number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares of the Company in issue from time to time. No options shall be granted under any schemes of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

The total number of shares of the Company issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the shares of the Company in issue as at the date of grant.

Any grant of share options to a Director, chief executive or substantial shareholder of the Company, or to any of their respective associates, is required to be approved by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or any independent non-executive Director of the Company, or to any of their respective associates, such that within any 12-month period, in aggregate in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company’s shares at the date of each offer) in excess of HK\$5 million, are subject to shareholders’ approval in a general meeting.

An offer of a grant of options may be accepted within such time as may be specified in the offer (which shall not be later than 21 days from the offer date).

## OTHER INFORMATION

The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options.

The subscription price for Shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the shares on the offer date, which must be a business day; (ii) the average closing price of shares as stated in the Stock Exchange's daily quotations sheets for trade in one or more board lots of the shares for the five business days immediately preceding the offer date; and (iii) the nominal value of a share. A nominal consideration of HK\$1.00 is payable on acceptance of the grant of an option.

Grantee	Date granted and vested	Exercisable period (Both dates inclusive)	Exercise price	At 1 April 2019	Granted during the period	Lapsed during the period	Adjusted during the effective of open offer	Outstanding at 31 December 2019
Director — Mr. Hung	8 September 2016	8 September 2016 to 7 September 2021	0.087	23,136,000	-	-	-	23,136,000
An employee A	8 September 2016	8 September 2016 to 7 September 2021	0.087	3,136,000	-	-	-	3,136,000
An employee B	8 September 2016	8 September 2016 to 7 September 2021	0.087	23,136,000	-	-	-	23,136,000
Consultant	8 September 2016	8 September 2016 to 7 September 2021	0.087	23,136,000	-	-	-	23,136,000
				72,544,000	-	-	-	72,544,000

### DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Group was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the three months ended 31 December 2019 or at any time during such period.

### COMPETING INTERESTS

During the period under review, none of the Directors or the controlling shareholders of the Company or their respective associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Groups or had any other conflict or potential conflict of interest with the Group.

## OTHER INFORMATION

### AUDIT COMMITTEE

The Company established the Audit Committee on 26 September 2013 with written terms of reference in compliance with paragraph C3.3 of the CG Code. The full terms of reference setting out details of duties of the Audit Committee is available on the websites of the Stock Exchange and the Company.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Tang Kin Chor, Mr. Chan Chun Wing and Mr. Yiu Shung Kit. Mr. Chan Chun Wing is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company, nominate and monitor external auditors, review quarterly report of the compliance department's findings, meet with external auditor regularly and provide advices and comments to the Directors.

The Audit Committee has reviewed the Group's consolidated financial statements for the period ended 31 December 2019.

The Audit Committee also reviewed the non-compliance report of the Group for the year ended 31 December 2019 and no material non-compliance issue has been identified.

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 15 of the GEM Listing Rules of the Stock Exchange.

### SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings throughout the period under review.

## OTHER INFORMATION

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

By order of the Board  
**EJE (Hong Kong) Holdings Limited**  
**Mr. Chau Tsz Kong Alan**  
*Executive Director*

Hong Kong, 7 February 2020

*As at the date of this report, the executive Directors are Mr. Qin Yuquan, Mr. Hung Cho Sing and Mr. Chau Tsz Kong Alan; and the independent non-executive Directors are Mr. Yiu Shung Kit, Mr. Tang Kin Chor and Mr. Chan Chun Wing.*



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